

NAEB

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CONFIDENTIAL

TO: NAEB BOARD OF DIRECTORS

APRIL-MAY 1967

PUBLIC BROADCASTING ACT

As you may know by now, the Act has been reported out by the full Commerce Committee with some minor modifications. The principal changes, made by the Pastore Sub-Committee on Communications, removed the words in paragraph E of Title II which precluded the Corporation from arranging by grant or contract to secure interconnection facilities directly from a common carrier. This was the only substantial issue upon which a difference arose on the part of the witnesses, all of whom testified in favor of the bill. Dr. Killian, speaking for the Carnegie Commission, felt that the final responsibility for the distribution of educational broadcasting programs nationally must be under the control of the Corporation. In this position he was seconded by Bill Henry, by all of the representatives of the common carriers and by all three major networks. Their reasons for this insistence, however, were quite different. Killian feels that educational broadcasting must not be developed nationally along the pattern of commercial networks and the only way he sees to prevent such a development is by retaining control of the interconnection within the Corporation. Henry, on the other hand, sees the need for interconnection control by the Corporation as a means of building it into a strong "network agency" for the full and effective development of educational broadcasting. Stanton took the same position and the other network presidents just assumed that this is the only appropriate way to develop a national educational broadcasting service, i.e., via strong centralized control.

NET and NAEB took the position that the Corporation should not be an operating entity. It should collect and dispense money, develop broad policy decisions, and do other appropriate things to foster and encourage

the full development of educational broadcasting, but it should not become engaged in the day-to-day operational activities and decision making functions that will inevitably be the requirement of networking. In essence, Dr. Killian does not believe that there should be a strong national educational broadcasting network development (a system which he feels would reduce local stations to affiliates and in which peoples' choices of programs would be determined by fiat from a remote central point). NAEB and NET feel that regardless of the philosophical question some kind of a network-like activity is inevitable - in fact, will be demanded by the stations - and when it comes into being it should not be a function of the Corporation, but rather some other agency or agencies to which the Corporation delegates management responsibility.

On the eve of the Executive Session by the Senate Sub-Committee, there were indications of an emerging schism in education's ranks on the matter. NAEB immediately took the initiative in contacting representatives of NET and the Carnegie Commission on ETV to clarify the situation. In consequence, there were two quick meetings in Boston at which a number of misunderstandings were cleared up and several areas of agreement determined. The educational broadcasters agreed to go along with the removal of the prohibitive language so that the Corporation would have the option to arrange directly with common carriers or through an intermediary. NAEB counsel pointed out that since the Corporation controlled the money, it had the ultimate responsibility for interconnection no matter whether it delegated it to intermediaries or not.

At the same time, the Carnegie group agreed that in exercising this responsibility the Corporation had a number of options open to it, including establishing a new organization with representation from stations and program producers and that this new entity might be given the responsibility for operating and managing interconnection facilities.

NAEB agreed to associate itself with this position and at the same time enter into the record the view that, while the Corporation retained ultimate responsibility for interconnection, it should exercise this responsibility by delegating scheduling and programming functions for such interconnection to an outside agency or agencies; moreover, the most appropriate way to do this would be to create some sort of an educational broadcasting traffic agency in which the stations and producers participated.

Accordingly, NAEB, NET and Dr. Killian all wrote letters to Senator Pastore to supplement the record of the hearings of his Committee. The NET letter, reflecting a Board meeting following the Boston conferences, takes a more

rigid position than NAEB. In effect, NET says it agrees that the Corporation can, for purposes of economy, arrange for long-term easing of interconnection facilities but that should be the end of its responsibility re interconnection. The Corporation must not be allowed to manage such an interconnection system itself and that NET may consider advocating a "clarifying" amendment for such purpose.

All of us would agree that we can not permit any substantial disagreement to crop up in the "family" that might conceivably jeopardize the legislation. There is a continuing need for communication.

Hearings in the House have not been set, though we do know that these hearings will be held before the full House Interstate and Foreign Commerce Committee, under the ~~chairmanship~~ of Harley Staggers; they are expected to begin within the next three weeks.

Meanwhile, we have been assured by the President of NAB that it has no intention of pushing the particular formula advanced in its Senate testimony and, in fact, may not even testify in the House hearings. It would appear that NAB certainly will not oppose the bill and, in fact, is very sensitive to any implications that it might do so.

NAEB TASK FORCE

Representatives of McKinsey & Co., the management firm retained to conduct the special study of NAEB's organizational and administrative structure have been very busy interviewing a variety of people both within and without the membership to gather their insights and suggestions for consideration in developing a draft report to present to the Executive Committee meeting, May 26-27.

On the basis of the Committee's reactions and suggestions, McKinsey & Co. will prepare a final report to submit to the full Board at its meeting, June 5-6. To whatever extent the Board decides to accept recommendations which may be made, certain procedures of an operational or management nature could be instituted almost immediately; structural alterations requiring changes in the By-laws would need to be submitted in writing to the membership 30 days in advance of the convention and be voted on at the convention in Denver, November 5-8.

-WGH

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